

U.S. and Chilean Agencies Formalize Cooperation

Supporting Small Business

by the Office of International Trade
U.S. Small Business Administration

Cooperation between the United States and Chile hit another high note on December 5, 2002, as the U.S. Small Business Administration (SBA) and two Chilean agencies formally agreed to promote programs to help small and medium-sized businesses in both countries develop their commercial interests and conduct international trade.

SBA Administrator Hector Barreto, Technical Cooperation Service of Chile (SERCOTEC) Deputy General Manager Raquel Alfaro, and Chilean Economic Development Agency (CORFO) CEO and Executive Vice President Bernardo Espinosa agreed by signing a memorandum of understanding in Santiago, Chile.

"This agreement further strengthens the traditionally strong commercial ties between our countries," said Barreto. "Chile is an important trading partner of the United States, and we are pleased to participate in this joint venture that will be mutually beneficial for economic development and job creation in both countries."

NEW RELATIONSHIPS

The SBA's relationship with its Chilean partners technically began in September 2000, with a visit by Patricio Fernandez, director of Chile's SBA equivalent, SERCOTEC, and Ricardo Pulgar, economic advisor to the Lagos administration. The two Chilean visitors received a briefing on SBA programs and services. Following these briefings, SERCOTEC invited a representative of the investment division of the SBA to Chile to participate in a conference and hold a number of meetings to discuss the possible establishment of a venture capital initiative in Chile. SERCOTEC subsequently expressed its interest, through the Chilean embassy in Washington, D.C., to enter into a cooperative agreement with the SBA.

As SBA leadership began to take shape during the change of U.S. presidents, the SBA Office of International Trade maintained contact with SERCOTEC and the embassy, well aware of the Bush administration's commitment to pursuing a free trade agreement (FTA) with Chile.

In April 2002, the U.S. Small Business Administration signed a letter of intent with the Chilean Micro and Small Business Support Service, to promote small-business relationships between the United States

and Chile. SERCOTEC General Manager Patricio Fernandez and SBA Administrator Hector Barreto signed the resulting letter in simultaneous ceremonies in Santiago and Washington, D.C.

The agreement called for the development of a work plan identifying specific joint activities and potential timelines to promote and reinforce the economic bonds between Chile and the United States. That work plan evolved into the memorandum of understanding that was signed on December 5, 2002, less than a week before the successful closing of the FTA negotiations.

In general form, the provisions of the memorandum of understanding include:

- Establishment of a cooperative program to promote and support the development, growth, stability, and global competitiveness of small and medium-sized businesses, as well as trade opportunities in each country.
- Exchange of information on commercial and investment legislation, tariffs, taxes, trade law, and access to capital and government loan guarantee programs.
- Facilitation of linkages between U.S. and Chilean small and

medium-sized businesses to promote bilateral trade.

- Working together with other organizations in the Western Hemisphere to spur the creation of a network of small business providers to strengthen the voice of small business and expand opportunities for trade linkages in the Americas.

SOLIDIFYING A VALUABLE TRADING RELATIONSHIP

Chile has served as the role model for privatization and market reforms in Latin America over the past two decades. The recent completion of the U.S.-Chile FTA stresses the importance of trade between the two countries. The FTA with Chile was among President Bush's top international trade priorities. By formalizing cooperation with Chilean organizations, the SBA has clearly demonstrated support for the administration's agenda. At the same time, by creating strong ties to Chilean agencies, the SBA is able to help U.S. small businesses reap the rewards of the agreement with Chile.

Cooperation with Chile in the small business sector may provide an excellent model for cooperation throughout the region and help create closer economic and commercial ties. Additionally, it may position the SBA to generate small business support for free trade in the Western Hemisphere. This could be extremely helpful to the Bush administration as it continues to move towards the successful implementation of a Free Trade Area of the Americas by 2005.

COOPERATION AND COLLABORATION

A primary goal of the SBA-Chilean agreement is to help small businesses understand the importance of free trade as well as profit from it. As such, the SBA is working closely with other U.S. government agencies to promote and support the FTA negotiations. For instance, the U.S. Trade Representative

was able to point to the memorandum of understanding between the SBA and the Chileans as an example of goodwill and commitment to cooperate on procurement issues, which helped to finalize negotiations.

All three agencies, in the United States and Chile, will exchange technical expertise on support for small businesses. This will help both countries improve service offerings to their respective small business clients as well as increase the availability of information about doing business between the two countries. This information can be shared with clients through training and counseling. The objective will be to provide the best services available to strengthen the respective small business communities, thereby increasing the potential for bilateral business-to-business trade.

The ultimate goal of all these efforts is to facilitate small-business relationships between the two countries. This may be done through joint coordination of small business matchmaking, sharing of information, and through initiatives to promote e-commerce.

SBA Administrator Barreto believes this cooperation can serve as an excellent model for the region: "Small business development cooperation provides a formula for economic success that translates across the hemisphere. Small business ownership encourages personal freedom, individual empowerment, and social stability. It empowers individuals, spreads wealth, and helps protect and preserve democracy. Cooperation on the small business front can help create a more vibrant regional market with increased opportunities for stronger and more lucrative commercial linkages for our small business clients."

Stephen Sullivan, Chile project coordinator in the SBA Office of International Trade, and David J. Hall, public affairs specialist in the SBA Office of Communications, contributed to this article.

U.S. AND CHILEAN AGENCIES

U.S. Small Business Administration

The U.S. Small Business Administration, established in 1953, provides financial, technical, and management assistance to help Americans start, run, and develop their businesses. With a portfolio of business loans, loan guarantees, and disaster loans worth more than \$45 billion, in addition to a venture capital portfolio of \$13 billion, the SBA is the nation's largest financial backer of small businesses. In 2002, the SBA offered management and technical assistance to more than 1 million small business owners.

The SBA Office of International Trade provides export information and development assistance to help small businesses take advantage of export markets, including trade counseling, training, legal assistance, and publications. For more information, visit www.sba.gov/oit.

Technical Cooperation Service of Chile

The Chilean government created the Technical Cooperation Service of Chile in 1952 as the agency responsible for providing services to micro and small enterprises. Its mission is to promote the development of micro and small businesses and to strengthen the competitive abilities of their entrepreneurs. Additional information is available at www.sercotec.cl.

Chilean Economic Development Agency

The Chilean Economic Development Agency was created in 1939 as the official state agency charged with advancing productivity in Chile. It fosters economic development through the promotion of competitiveness and investment, contributing to the creation of more and better jobs and equal opportunities for productive modernization of Chilean businesses. See www.corfo.cl/index.asp for further information.